

## Grand jury issues 78-count indictment of ex-Enron CFO Fastow

**A** federal grand jury Thursday indicted former Enron Chief Financial Officer Andrew Fastow on 78 counts of wire fraud, money laundering and conspiracy in connection with the financial collapse of the former energy-marketing giant. More charges are possible against Fastow and others who are credited with developing "special purpose entities" to camouflage Houston-based Enron's debt, according to the Department of Justice.

"The investigation into Fastow's illegal activities continues," said Deputy Attorney General Larry Thompson, who heads President Bush's corporate fraud task force. "We will use every appropriate measure to recover the ill-gotten gains of these corporate schemers."

If convicted, Fastow faces up to five years in prison and a \$250,000 fine for each count of conspiracy and up to five years in prison and a \$250,000 fine for each count of wire fraud. Fastow also

faces up to 10 years in prison for each count of money laundering with a fine of twice the amount laundered. In separate money laundering charges, Fastow also faces up to 20 years imprisonment and a fine of up to twice the amount laundered for each violation.

The attorney for Fastow said his client would be freed once "the truth is told." "These charges are full of sound and fury, but the truth about Enron has yet to be told," John Keker, Fastow's attorney, said in a brief statement. "When that truth is told, to a jury of 12 honest Americans, Andy Fastow will be set free."

The indictment returned in the U.S. District Court in Houston said Fastow and others schemed to defraud Enron, its shareholders and others through transactions with SPEs that were set up to hide Enron's growing debt and make it appear more

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### Key Hub Trades for Standard 16-Hour Daily Products 11/01/02

Weighted average index prices (in \$/MWh) and volumes are shown for selected major hubs. More detailed price information is available on page 3.

Delivery Point	Weighted Average Index	Trading Volume Reported
COB	45.43	375
Mid-C	43.35	975
Palo Verde	41.91	200
ERCOT	36.75	1725
ComEd, into	33.29	350
Entergy, into	34.22	4200
Cinergy, into	33.05	5575
PJM West	41.29	2150
TVA, into	32.75	N.A.

## Cal-ISO needs more time for day-ahead market

**T**he California Independent System Operator has told federal regulators it is "impossible" to set up a day-ahead power market by Jan. 31 because of computer programming issues and requested a technical conference to come up with a realistic schedule.

Earlier this month FERC decided to allow the ISO an additional month to install a new day-ahead wholesale power market by moving the original deadline from Jan. 1 to Jan. 31, although the ISO last August asked FERC to delay implementation until next spring and later asked for a fall 2003 deadline.

But in a request filed to the commission, the ISO said it had not given FERC

all the facts upon which the commission could make a sound decision. To remedy this, the ISO asked FERC to convene a technical conference as soon as possible so that ISO officials can detail the complicated reasons why more time is needed.

An ISO spokesman said that while a fall 2003 timeframe is referred to in the filing, the ISO doesn't have a proposed schedule and needs the technical conference to come up with one. While FERC has wanted the day-ahead market implemented as soon as possible, the spokesman said the ISO wants an integrated process for handling balance energy, reserve margins and congestion management.

## Northwest munis urge FERC to revamp SMD

**A**lthough heartened by the Federal Energy Regulatory Commission's recent efforts to consider regional variances as it implements its proposed standard market design (SMD), a group of Pacific Northwest municipal power agencies urged FERC to either significantly revamp the proposal or exempt the region from the final rule.

FERC issued its massive draft SMD in late July, proposing a national set of rules to help bring stability to wholesale markets and encourage technological and infrastructure advancements and additions (RM01-12). Comments are due on por-

tions of the rulemaking Nov. 15, with additional comments on issues related to the Western Interconnection due in January.

Northwest public utilities and state officials have been attacking the proposal from the day it was released, claiming that it does not account for the region's reliance on hydropower and will hamper reliability.

The commission has held several discussions with lawmakers and regulators from the region and signaled that it intends to allow for regional differences when it approved, for the most part, tariff provisions and the governance structure proposed for

*(Continued on page 2)*

## FERC seeks gas, power market price information from Platts

As part of its fact-finding mission into possible market manipulation of wholesale gas and power prices, the Federal Energy Regulatory Commission has issued a subpoena seeking information from Platts reporters and editors.

"We have received a subpoena as part of a non-public investigation by FERC into the possible manipulation of gas prices," said Jim Keener, a spokesman for Platts, a division of The McGraw-Hill Cos. "We are not the subject of the investigation. We are being asked to provide information."

Keener would not say what information FERC specified in the subpoena, but said Platts lawyers and executives were "still reviewing the subpoena and considering our response to it. We will cooperate, keeping in mind that there are certain fundamental journalistic principles we uphold, including those related to the First Amendment."

Keener went on to say that Platts has "been at the forefront of initiatives to improve price discovery and transparency in the natural gas and electricity markets, and we look forward to sharing those initia-

tives and proposals with the commission."

FERC officials could not be reached for comment by press time Thursday.

This is not the first time Platts and other news organizations covering the gas and power markets have been asked by a federal agency to provide information as part of a market-manipulation probe.

In May, FERC asked Platts and other energy publications for information as part of its probe into California price spikes in 2000 and 2001. Platts responded to some of the questions and raised First Amendment concerns about others.

In recent days, Duke Energy and American Electric Power have said they received a FERC request for data regarding price information they provided to publishers. Other companies are also said to have received the requests.

Last month, the Commodity Futures Trading Commission issued a subpoena for documents, employee information, policies and customer lists from Platts with regard to price reports it publishes in its energy publications. The subpoena is part of a broad investigation of energy trading practices that the agency con-

firmed last May. A number of trading companies have received such information demands over the last several months.

Dynegy, AEP and Williams have disclosed recently that some of their employees provided "inaccurate" information to publishers; the trading companies have refused to identify specific false reports.

The CFTC subpoena, dated Oct. 9, seeks a list of current and former Platts employees "responsible for gathering, editing, verifying and publishing the information" and policies, manuals and training literature used in orienting employees who do price reporting. It also demands notes and other records and identification of third-party services used in price-gathering, and any information that "indicates any person's knowledge of false, inaccurate or otherwise incorrect pricing and volume information."

The CFTC also seeks information on subscribers to Platts' energy publications. Specifically referring to natural gas price reporting, the commission seeks a detailed description of the price gathering and indexing process. Platts has not formally responded to the CFTC subpoena.

## Disagreement over splitting comment deadlines ... (from page 1)

RTO West, a grid operator that includes the Bonneville Power Administration.

But public utilities in the region who have never been enamored with RTO West are concerned the commission is moving too fast.

The Public Power Council—a coalition made up of several regional municipal utilities—told the commission that its decision to split the comment deadline into separate dates, Nov. 15 and Jan. 10, is ill-founded because several of the issues are intertwined.

"All the standard market design issues are intertwined and necessarily related to market design for the Western Interconnec-

tion, transmission planning and pricing, resource adequacy, congestion management and transition issues," the Public Power Council said. "The commission asked us to comment on standard market design by Nov. 15, 2002, while holding out five ambiguous issues that we are supposed to comment on by Jan. 10, 2003."

Comments on all aspects of the rule should be due at the same time in January to allow parties more time to study the proposal and possibly propose region-specific solutions through additional FERC meetings, the group said.

"The commission should allow suffi-

cient time to work out the Western issues in [FERC-sponsored workshops] specific to the West, rather than force us to comment on an incomplete proposal," the group said.

Separately, the Northwest Requirements Utilities and PNGC Power said FERC's RTO West order gives them "an assurance...that the commission will be attentive to our concerns."

## Correction

The Mid-Columbia daily high price for Thursday delivery published in the Oct. 31 issue of *Megawatt Daily* should have been \$49/MWh.

### MegawattDaily

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Indexes and Transaction Record for 11/01/02

## Explanations

**Index** — Volume-weighted average of all trades reported.

**Low** — Lowest trade reported.

**High** — Highest trade reported.

**Volume** — Volume of trades per hour for each of 16 peak hours. This figure is a total of all trading volume reported to MWD for each delivery site; because every effort is made to capture both sides of every deal reported, MWD recognizes that this figure includes duplicate volumes, and the figure should be used as a trend indicator not necessarily as an indicator for transmitted volumes.

## Methodology

The prices displayed in the table to the right are for power, in \$/MWh, traded at the delivery points and regions listed. Peak hours are 0600-2200 hrs.; PJM and New York peak hours are 0700-2300. Off-peak hours generally start at 2200 hrs. on the date before the delivery date and end at 0600 on the delivery date. Not included are 24-hour deals categorized in some NERC regions as off-peak hours over Saturdays and Sundays. Transactions at the hubs listed in the separate table at the top of this page are financially firm. Deals at other locations may be unit-firm or system-contingent, and may include capacity reservation charges. Transactional data is gathered from utilities, marketers, co-ops, brokers, municipalities and government power agencies. Deals done in the West are excluded if done after 1015 hrs. PT; deals done in the East and Central areas are excluded if done after 1100 hrs. CT. Copyright 2002 by The McGraw-Hill Companies, Inc..

## Trades for Standard 16-Hour Daily Products; all prices and volumes in \$/MWh

Point	Index	Change	Low	High	Volume	Avg \$/Mo
<b>East</b>						
New England	49.39	-1.42	49.00	49.50	1550	49.39
N.Y. Zone-G	52.75	-1.95	52.75	52.75	N.A.	52.75
N.Y. Zone-J	61.00	-1.00	61.00	61.00	N.A.	61.00
N.Y. Zone-A	45.75	-1.79	45.75	45.75	N.A.	45.75
Ontario*	67.85	-0.90	67.50	68.25	250	67.85
PJM West	41.29	-2.85	40.25	42.00	2150	41.29
VACAR	36.00	4.00	36.00	36.00	N.A.	36.00
Southern, into	33.11	-3.45	30.50	35.00	850	33.11
Florida	44.00	-3.75	44.00	44.00	N.A.	44.00
TVA, into	32.75	-3.50	32.50	33.00	N.A.	32.75
<b>Central</b>						
ECAR, North	33.66	-2.99	33.00	36.50	850	33.66
Cinergy, into	33.05	-5.75	27.00	36.00	5575	33.05
MAIN, North	35.33	-2.42	34.00	38.00	300	35.33
MAIN, South	37.25	-2.50	37.25	37.25	N.A.	37.25
ComEd, into	33.29	-3.71	32.00	33.50	350	33.29
MAPP, North	36.25	-1.21	36.25	36.25	N.A.	36.25
MAPP, South	36.29	0.04	35.00	38.00	350	36.29
SPP, North	34.50	-0.50	34.50	34.50	N.A.	34.50
Entergy, into	34.22	-1.15	32.75	35.00	4200	34.22
ERCOT	36.75	0.97	35.00	38.00	1725	36.75
ERCOT, North	37.41	0.88	36.50	37.75	425	37.41
ERCOT, Houston	36.63	0.19	36.00	37.00	300	36.63
ERCOT, West	37.00	1.50	37.00	37.00	N.A.	37.00
ERCOT, South	36.06	0.28	35.75	36.50	200	36.06
<b>West</b>						
COB	45.43	1.36	45.00	46.00	375	45.43
Mid-C	43.35	0.48	42.00	45.00	975	43.35
Palo Verde	41.91	-3.54	41.50	42.00	200	41.91
Four Corners	41.00	-4.00	41.00	41.00	N.A.	41.00
NP15	47.75	-0.19	47.75	47.75	N.A.	47.75
SP15	47.50	-0.77	47.00	48.00	575	47.50

## Trades for Standard Forward Products all prices in \$/MWh traded 10/31

Point	Bal-week		Bal-month		Next-week		Prompt-month
	low	high	low	high	low	high	assessment
<b>Delivery</b>							
<b>East</b>							
New England	-	-	-	-	-	-	49.20
N.Y. Zone-G	-	-	-	-	-	-	51.05
N.Y. Zone-J	-	-	-	-	-	-	60.25
N.Y. Zone-A	-	-	-	-	-	-	42.00
Ontario*	-	-	-	-	-	-	68.75
PJM West	-	-	35.25	36.30	39.50	39.75	35.50
TVA, into	-	-	-	-	-	-	27.50
<b>Central</b>							
Cinergy, into	-	-	25.85	25.85	30.35	30.80	27.20
ComEd, into	-	-	-	-	-	-	26.85
Entergy, into	-	-	30.40	31.50	-	-	31.00
ERCOT	-	-	-	-	-	-	35.50
<b>West</b>							
Mid-C	---	---	39.00	39.00	---	---	43.15
Palo Verde	---	---	-	-	---	---	38.00
NP15	---	---	-	-	---	---	45.50
SP15	---	---	-	-	---	---	43.25

For additional forward pricing, see long-term forward assessments, page 8. \*Ontario prices are in Canadian dollars

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## Ranges and Indexes of Trades for Standard Off-Peak Products

Delivery Date: 11/01/02

	Index	Low	High	Volume
<b>East</b>				
New England	35.00	35.00	35.00	N.A.
N.Y. Zone-G	-	-	-	-
N.Y. Zone-J	-	-	-	-
N.Y. Zone-A	-	-	-	-
PJM West	20.22	20.00	20.50	625
VACAR	17.75	17.75	17.75	N.A.
Southern, into	18.33	16.50	20.75	300
Florida	28.00	28.00	28.00	N.A.
TVA, into	16.00	16.00	16.00	N.A.
<b>Central</b>				
ECAR, North	17.50	17.50	17.50	N.A.
Cinergy, into	15.50	15.50	15.50	N.A.
MAIN, North	14.00	14.00	14.00	200
MAIN, South	16.00	16.00	16.00	N.A.
ComEd, into	16.00	15.50	16.25	200
MAPP, North	14.00	14.00	14.00	N.A.
MAPP, South	14.00	14.00	14.00	N.A.
SPP, North	14.00	14.00	14.00	N.A.
Entergy, into	14.75	14.00	15.00	200
ERCOT	25.09	22.75	26.00	1100
ERCOT, North	25.50	25.50	25.50	N.A.
ERCOT, Houston	25.50	25.50	25.50	N.A.
ERCOT, West	24.00	23.00	24.50	200
ERCOT, South	25.00	22.50	26.00	200
<b>West</b>				
COB	39.00	39.00	39.00	N.A.
Mid-C	39.87	39.00	40.25	675
Palo Verde	32.81	30.00	35.00	575
Four Corners	33.00	33.00	33.00	N.A.
NP15	37.00	37.00	37.00	N.A.
SP15	34.83	33.00	38.00	450

## Cinergy Peak Hourly Indexes

The data in this table shows weighted average costs of power and total volumes based on deals done into Cinergy, in U.S.\$/MWh, for the 16 hours of the peak period. The average hourly price is a straight numerical average. (For more detailed information on this table, see the Methodology on the MWD website.) Copyright 2002 The McGraw-Hill Companies, Inc.

Trans. Date: 10/30/02

Hour Ending	Index	Low	High	Volume
0800	29.15	24.00	33.00	591
0900	32.38	28.00	36.00	510
1000	31.98	25.00	33.00	542
1100	31.72	30.00	33.00	480
1200	28.69	27.00	30.00	374
1300	27.44	25.00	29.00	304
1400	25.10	23.00	27.00	274
1500	23.00	23.00	23.00	193
1600	22.27	20.00	23.00	329
1700	21.64	20.00	22.00	270
1800	29.79	22.00	32.00	577
1900	41.23	24.00	45.00	617
2000	45.87	28.00	49.00	361
2100	36.67	26.00	42.00	145
2200	30.71	25.00	40.00	203
2300	24.00	20.00	28.00	100

Avg on-peak price 30.10

## Daily generation outage references

CD - coastdown for refueling outage  
 FP - Full power  
 RP - reduced power  
 MO - unplanned maintenance outage  
 PMO - planned maintenance outage  
 RF - refueling outage  
 RS - restart  
 RT - return to grid  
 IP - Increasing power  
 Unk - unknown  
 Fuels: Nuclear=n; Coal=c; Natural gas=g; Hydro=h  
 Sources: Generation owners, public information and other market sources.

## Moderating weather weighs down dailies

PJM dailies for-Friday dropped about \$2.50 to \$42/MWh on the high side behind weak real-time and moderating temperatures. Most next-day deals were done around \$41.25/MWh.

Weekend peak packages traded to \$32/MWh as temperatures are expected to decline with flurries forecast. Next-week reached \$39.75/MWh as a cold front moves through the region. The balance-of-the-month traded in a \$35.25 to \$36.30/MWh range.

**Eastern Markets**

Dailies in New England lost about \$1.25 with trades in a 50-cent range to \$49.50/MWh for Friday delivery, despite an 800 MW increase in missing generation. Most next-day deals were done around \$49.40/MWh. Saturday and Sunday peak packages traded to \$46.75/MWh as clouds, chilling northern winds and regional temperatures falling to the mid-40s are expected. Two-by-24 packages traded at \$43.25/MWh.

As the Thursday session progressed, next-week received bids of \$51/MWh with no offers reported as temperatures are expected to drop at least 10 degrees below seasonal norms, the mid-50s.

Market sources said Hydro Quebec's 2,000 kV Sandy Pond line that transfers power between Canada and New England will operate at 250 kV into early November.

New York dailies retreated \$1.25 with a nuke powering up after a refueling outage. Clearing prices, however, averaged \$2.50 higher amid some transmission constraints.

Next-day trades remained elusive in Zone J, where the clearing price rose \$1.24 to \$62.44/MWh for New York City.

Zone G dailies traded in a 75-cent range to \$53/MWh for-Friday, with the market assessed at \$52.75/MWh. The clearing price gained \$3.96 at \$57.65/MWh for the Hudson Valley.

To the west in Zone A, dailies traded at \$45.75/MWh for-Friday. The clearing price rose \$2.32 to \$49.70/MWh.

Friday daytime temperatures are forecast in the lower 50s for New York City and near or below 40 degrees in the higher elevations, where lows will dip into the mid-20s.

Entergy Nuclear's 829-MW Fitzpatrick nuclear unit in Lycoming, N.Y., was at 29% as of early Thursday morning and powering up after a refueling outage.

Next-week held to the mid-\$50/MWhs in Zone G and to mid-\$40s/MWh in Zone A.

Most dailies in the South weakened amid mild temperatures. Southern Co. dailies traded down more than \$3 between \$30.50 and \$35/MWh for Friday delivery. Most volume was done at an index near \$33.11/MWh following the ramp-up of Southern Nuclear Operating Co.'s 829-MW Farley-2 nuclear unit in Ashford, Ala. to 70% power.

In Florida, prices were down nearly \$4 to near \$44/MWh for Friday delivery. Into TVA traded from \$32.50 to \$33/MWh for Friday, weakening about \$3 on milder weather. Most volume traded near \$32.80/MWh. Near-term values weakened as well with December near \$27.50/MWh following the fall of natural gas prices. VACAR dailies strengthened by about \$3 for Friday with trades near \$36 on colder weather.

In the Northeast, a bearish Energy Information Administration report pulled term prices down as much as \$1. In PJM, December dropped about 75 cents to \$35.50/MWh. The winter also suffered losses to \$37.45/MWh.

NEPOOL December deals stumbled slightly to \$49.20/MWh, with the winter at

## East Generation Unit Outage Report for November 1

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Browns Ferry-1/TVA	1065	n	Ala	RF	Unk	03/03/85
North Anna-2/Dom	907	n	Va	MO	Unk	09/09/02
Vogtle-2/Georgia Power	1,169	n	Ga	RF	Unk	10/07/02
Farley-2/Southern	829	n	Ala	RF	October	09/16/02
Watts-Bar/TVA	166	h	Tenn	MO	Unk	09/27/02
St. Lucie-1/FPL	839	n	Fl	RF	10/30/02	09/30/02
New Boston-2/ Sithe	350	g	Mass	MO	Unk	10/01/02
Fitzpatrick/Entergy	829	n	NY	RF	11/08/02	10/08/02
Brayton-4/PG&E	475	o	Mass	MO	Unk	10/08/02
Wyman/Duke	632	o	ME	MO	Unk	10/08/02
Salem-1/PSE&G	1,115	n	NJ	MO	Unk	10/10/02
Ravenswood-3/KeySpan	1,027	o	NY	MO	late Dec	10/12/02
Oconee-2/Duke	886	n	SC	RF	11/15/02	10/15/02
Robinson-2/CP&L	700	n	SC	RF	11/15/02	10/15/02
Indian Point-2/Entergy	986	n	NY	RF	11/30/02	10/26/02

## Idaho Power says plant financing impractical

Idaho Power Wednesday said market conditions have made it impractical to finance construction of the fully permitted, 270-MW Garnet gas-fired plant proposed by its developer affiliate Ida-West Energy unless the utility can amend its contract to buy power from the plant.

Idaho Power selected the Garnet plant in 2001 through a solicitation for 250 MW of peaking power the utility projected it would need by 2005.

The utility said it is considering a number of options that could allow construction to proceed, including acquiring rights to the unit for the \$11-million Ida-West has spent on development, taking an option to purchase the plant five years after it goes on-line or after 2009. Idaho Power also is considering buying the gas turbine and building another plant on its own.

In a report to the Idaho Public Utilities Commission on the status of the contract, the utility outlined alternatives for procuring power if the plant is not built, including wholesale power purchases, seasonal energy exchanges with other utilities, obtaining transmission rights or constructing or purchasing capacity from new plants in the utilities.

The utility, which said it would consider issuing a request for proposals for up to 170 MW, told regulators that buying power on the market is not equivalent to having a dispatchable generation resource within its service territory.

The company told regulators that regardless of what happens with Garnet, construction of new company-owned generation or transmission to bring in supplies "is inevitable."

## NERC Regions

**WSCC:** Western Systems Coordinating Council  
**MAPP:** Mid-Continent Area Power Pool  
**MAIN:** Mid-America Interconnected Network  
**SPP:** Southwest Power Pool  
**ERCOT:** Electric Reliability Council of Texas  
**SERC:** Southeastern Electric Reliability Council  
**ECAR:** East Central Area Reliability Council  
**MAAC:** Mid-Atlantic Area Council  
**NPCC:** Northeast Power Coordinating Committee  
**FRCC:** Florida Reliability Coordinating Council

\$52/MWh. New York December power remained flat at \$60.25/MWh in Zone J and \$42/MWh in Zone A. The new prompt month fell 20 cents to \$51.05/MWh in Zone G. Similar patterns were seen throughout far-month markets.

Ontario dailies backed off a dollar with trades at C\$67.50/MWh [US\$43.21] for Friday amid more stable real-time prices and only slight changes in other fundamentals.

Weekend 2-by-24 packages traded at C\$45/50/MWh. The 2-by-16 package was bid at C\$52/MWh with offers at C\$56/MWh. Next-week remained fairly flat, bid at C\$66/MWh.

Real-time at C\$69.63/MWh late Thursday afternoon was tracking near posted pre-dispatch prices at the Ontario Independent Electricity Market Operator. Real-time was expected to hold below C\$80/MWh for most of Thursday on peak demand estimated near 21,000 MW, flat to Wednesday.

Ontario term markets advanced on strength from fairly firm next-day and near-term markets. December gained C25 cents at C\$68.75/MWh, winter rose C75 cents to settle at C\$75/MWh and summer was valued up a dollar at C\$89.50/MWh.

## New month positions increase next-day values

ERCOT dailies for Friday delivery added \$1.50 to the high end, hitting \$38/MWh. New month positions and higher real time prices helped to boost the next-day market. Despite the added strength, load forecasts remain just above 30,000 MW amid cooler forecasts.

ERCOT Houston traded up a quarter to \$37/MWh and ERCOT North traded up to \$37.75/MWh, a gain of \$1.

Off-peak saw the most dramatic jump, advancing \$3.50 to \$26/MWh as real-time prices traded over \$40/MWh overnight Wednesday.

Next-week was bid at \$34/MWh and offered at \$36.50/MWh, holding within the next-day range. The balance-of-the-month spread was \$1 wide, \$34/MWh at \$35/MWh.

A steep sell-off on the NYMEX pushed December deals down to \$35.50/MWh, off 75 cents.

The Entergy daily market saw increased activity, although the next-day index lost ground, backing down to near \$34.25/MWh. Traders said volumes were strong, despite a late sell-off, sending prices into the low \$30s/MWh.

Off-peak headed the other direction, posting at \$15/MWh amid overnight lows in the 50s near the coast and in the 40s further north into Arkansas.

In the morning session, the balance-of-the-month traded at \$31.50/MWh, but later fell off to \$30.40/MWh.

Central  
Markets

(continued on page 6)

## Central Generation Unit Outage Report for November 1

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Davis Besse/FirstEnergy	906	n	OH	MO	Early 2003	02/17/02
South Texas2/HL&P	1250	n	TX	MO	Unknown	10/02/02
Comanche Peak 1/TXU	1150	n	TX	MO	Unknown	09/30/02
Arkansas Nuclear 1/Entergy	850	n	AK	RF	10/31/02	10/07/02
Callaway/Ameren	1171	n	MO	RF	Late Nov-02	10/22/02
LaSalle-2/Exelon	1078	n	IL	MO	Unknown	10/25/02

## Spark Spreads for November 1

These spark spreads (in \$/MWh) compare the cost of generating power using a gas turbine at various heating efficiencies with the cost of buying peaking from the grid. The \$/mmBtu column is based on the closest geographic Gas Daily price posting midpoint, while the \$/MWh column is based on the Megawatt Daily index. A positive spread indicates it's economical to buy gas, while a negative spread indicates it's economical to buy power from the grid. The gas and power transactions were generally conducted yesterday for delivery today, weekends excepted. Copyright 2002 by The McGraw-Hill Companies, Inc.

	Marginal Heat Rate	\$/MMBtu	\$/MWh	7000	8000	10000	12000
COB/Malin, Ore.	10614	4.280	45.43	15.47	11.19	2.63	-5.93
Mid-Columbia/Stanfield	10321	4.200	43.35	13.95	9.75	1.35	-7.05
Palo Verde/El Paso San Juan	12043	3.480	41.91	17.55	14.07	7.11	0.15
ERCOT/Houston Ship Channel	8657	4.245	36.75	7.04	2.79	-5.70	-14.19
Com Ed/Chicago Citygates	7532	4.420	33.29	2.35	-2.07	-10.91	-19.75
Entergy/Henry Hub	7804	4.385	34.22	3.52	-0.86	-9.63	-18.40
Cinergy/Columbia Gas, App.	7185	4.600	33.05	0.85	-3.75	-12.95	-22.15
PJM-West/Transco Z 6 (non-NY)	8350	4.945	41.29	6.67	1.73	-8.16	-18.05
Nepool/Tenn. Zone 6 (del.)	9590	5.150	49.39	13.34	8.19	-2.11	-12.41
NY Zone G/Transco Z 6 (NY)	10614	4.970	52.75	17.96	12.99	3.05	-6.89
Fla. in-state/Fla. Citygates	9342	4.710	44.00	11.03	6.32	-3.10	-12.52

## Forwards retreat as gas futures tumble; Calif. moderates

In early trading Thursday, Western forwards jumped on continued cold temperatures and strong hourly prices. When the Energy Information Administration gas storage report came out and the December NYMEX gas contract tumbled, forwards retreated too, ending down on the day.

Traders said they were not surprised with the drop in both gas and power since they felt the markets were a bit over-hyped to begin with. Most forward trading was still mostly in the prompt-month market.

Mid-Columbia December hit \$45/MWh, but closed at \$43.15/MWh, down \$1.10. January packages traded as high as \$45.25/MWh early, then finished at \$43.50/MWh. At Palo Verde, December fell 85 cents to \$38/MWh. Palo Q1 packages traded up to \$38.50/MWh, but closed at \$37.65/MWh. NP15 December lost \$1.25 to \$45.50/MWh, while Q1 was down 50 cents to \$44/MWh. SP15

December and Q1 were down \$1.25 to \$43.25/MWh and \$43/MWh, respectively.

Day-ahead markets weakened across the board Thursday, mostly because of lighter weekend loads. Prices also lost a bit of support from forecasts calling for the gradual return to more normal temperatures for this time of year. However, the Arctic airmass, which set record lows early Thursday morning in parts of Montana and Washington state, is expected to remain through the weekend, keeping highs in the 30s and low 40s with lows ranging from the teens to the 20s.

Mid-C dailies traded tightly between \$42 and \$45/MWh for Friday and Saturday delivery. Power at the California-Oregon border was slightly more expensive, trading up to a high of \$46/MWh. Off-peak prices at Mid-C climbed all the way up to \$40.25/MWh.

Traders said electric utilities in the Northwest continued to gobble up power

to meet demand. The Bonneville Power Administration extended its surplus power offer of 300 MW on-peak and 100 MW off-peak through Sunday and Monday.

### Western Markets

In California, prices also moderated. NP15 and SP15 both traded around \$47 to \$48/MWh, with off-peak loads in the mid-\$30s range. Palo Verde dailies traded in the low \$40s on very little activity.

In generation news, Pacific Gas & Electric has extended until sometime in December the maintenance outage on its 1,086-MW nuclear-powered Diablo Canyon-1 in Avila Beach, Calif., a company spokesman said. Operators have to replace the turbine generator's rotor, which is expected to take at least a month. "We are hopeful" the unit will return in early to mid-December, he said. The unit was taken down Oct. 20 for maintenance on the plant's main turbine generator.

### West Generation Unit Outage Report for November 1

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Alamitos-1/AES	175	g	Calif	PMO	Unk	9/26/2002
Alamitos-2/AES	175	g	Calif	PMO	Unk	9/26/2002
Alamitos-5/AES	485	g	Calif	MO	Unk	10/25/2002
Alamitos-6/AES	485	g	Calif	MO	Unk	10/28/2002
Colgate-1/YubaCity	168	h	Calif	PMO	Unk	10/7/2002
Coolwater-3/Reliant	245	g	Calif	RP	Unk	10/28/2002
DiabloCanyon-1/PG&E	1119	n	Calif	PMO	11/3/2002	10/20/2002
El Segundo-1/Dynegy	175	g	Calif	PMO	Unk	9/5/2002
El Segundo-2/Dynegy	164	g	Calif	PMO	Unk	9/25/2002
El Segundo-3/Dynegy	335	g	Calif	PMO	Unk	10/24/2002
Encina-3/NRG-NSP	110	g	Calif	PMO	Unk	10/8/2002
Helms-3/PG&E	404	h	Calif	PMO	Unk	9/30/2002
HuntingtonBch-3/AES	225	g	Calif	PMO	Unk	8/28/2002
HuntingtonBch-5/AES	133	g	Calif	MO	Unk	10/12/2001
Mandalay-3/Reliant	120	g	Calif	PMO	Unk	10/28/2002
Mohave-2/SCE	818	c	Nev	MO	Unk	10/23/2002
Morro Bay-1/Duke	163	g	Calif	PMO	Unk	8/14/2002
Morro Bay-2/Duke	163	g	Calif	PMO	Unk	9/5/2002
MossLanding-2/Duke	530	g	Calif	MO	Unk	10/30/2002
MossLanding-6/Duke	750	g	Calif	MO	Unk	10/14/2002
MossLanding-7/Duke	750	g	Calif	MO	Unk	10/28/2002
OrmondBch-2/Reliant	750	g	Calif	RP	Unk	10/8/2002
Palo Verde-1/APS	1249	n	Ariz	IP	Unk	9/29/2002
Pittsburg-1/Mirant	150	g	Calif	MO	Unk	8/19/2002
Pittsburg-2/Mirant	150	g	Calif	MO	Unk	8/19/2002
Pittsburg-3/Mirant	150	g	Calif	PMO	Unk	9/5/2002
Pittsburg-4/Mirant	145	g	Calif	MO	Unk	9/5/2002
Potrero-3/Mirant	206	g	Calif	MO	Unk	10/31/2002
Redondo-5/AES	175	g	Calif	PMO	Unk	9/26/2002
Redondo-6/AES	175	g	Calif	PMO	Unk	10/10/2002
Redondo-7/AES	480	g	Calif	PMO	Unk	9/23/2002
Redondo-8/AES	487	g	Calif	PMO	Unk	9/27/2002
San Juan-1/PNM	360	c	NM	PMO	11/17/2002	10/15/2002
Southbay-4/Duke	222	g	Calif	PMO	Unk	10/11/2002
Sunrise/EdMission	325	g	Calif	PMO	Unk	10/23/2002
Trinity/USBR	140	h	Calif	PMO	Unk	10/22/2002

### MAPP dailies mostly unchanged ... (from page 5)

In the term markets, heat rates expanded in the front months of the curve, suppressing losses from the dive in NYMEX gas contracts. December lost 85 cents to \$31/MWh and the winter package shed 20 cents to \$31.80/MWh.

Into Cinergy dailies for Friday's delivery initially traded off \$3 to \$4 to the mid-\$30s/MWh, then fell to as low as \$27/MWh as cold hype created from expected below freezing temperatures for Friday began to fade. Traders said the next-day market slipped as the hourly market dipped, but daily volume was stronger with more erratic declines in pricing. The market for next-week pushed off also, falling \$1.75 to near \$30.50/MWh.

Into ComEd dailies fell about \$3.50 to the low \$30s/MWh, but not to Into Cinergy's lows as Exelon's 794-MW nuclear unit Dresden-3 in Morris, Ill., fell to 23% power.

Huge declines in the natural gas curve set a negative tone for the new power forward prompt month. Into Cinergy December was priced at \$27.20/MWh, down 95 cents.

Into ComEd December was dropped 90 cents to \$26.85/MWh.

MAPP dailies were in the mid- to high \$30s/MWh, mostly unchanged with a large fossil plant reportedly down in southern MAPP.



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## SoCal Ed says Enron QF ruse led to numerous overpayments

**S**outhern California Edison is claiming Enron's alleged misrepresentation of three wind farms as qualifying facilities caused the now-bankrupt marketer to receive over-payments from it and other California utilities.

In a complaint filed with the Federal Energy Regulatory Commission, SoCal Ed sought an immediate hearing in the matter and refunds dating back though at least June 20, 2001 (EL03-19).

The utility made its complaint shortly after FERC last week announced that it would investigate whether Enron lied to the agency about its true ownership stake in three small wind farms when the facilities sought recertification as so-called qualifying facilities in 1997.

In its order, the commission cited pending Dept. of Justice and Securities and Exchange Commission civil and crim-

inal complaints alleging that now-bankrupt Enron "improperly retained QF benefits for [the facilities] by fraudulently transferring its ownership in the QFs to partnerships indirectly controlled by Enron" after Enron bought utility Portland General Electric. SoCal Ed and FERC identified the partnership as RADR.

The FERC investigation identifies three Enron wind units—Zond Windsystems, Victory Garden and Sky River—that may have been falsely certified as QFs.

But SoCal Ed claims that other plants were also misrepresented, including Enron's Cabazon Power Partners entity. "[T]he Enron schemes go beyond those identified by FERC and extend to additional Enron generation facilities," the utility said.

The "schemes" also relate to a still-pending SEC filing Enron made in April 2000 that SoCal Ed said the marketer

used "as a device to allow it to claim the right to openly maintain more than the 50% interested in the Enron wind generating facilities permitted by the commission's regulations."

Enron's SEC application "was part of [its] illicit scheme in that it allowed the RADR investors to terminate their involvement in RADR and reap huge illegal windfalls," SoCal Ed said.

"In addition to deceiving FERC, Enron's illicit schemes permitted it to continue to receive significantly above-market power purchase payments from Edison that were only made available to Enron because of the purported QF status of its wind generating facilities," the utility said.

SoCal Ed asked FERC to consolidate its complaint with the pending investigation, revoke QF status for the generating facilities, and order refunds with interest.

## WSI forecast sees cold November for Eastern U.S., California

**B**elow-normal temperatures are expected to blanket the Eastern U.S. and California in November, while warmer-than-normal temperatures cover the rest of the country—particularly the Southwest—before the El Niño weather pattern takes shape in December and corals the coldest temperatures to the southern tier, WSI Corp. said Thursday.

In October and heading into November, "a lot of people were expecting the classic El Niño would have warmed the northern tier of the U.S. and cooled the Southeast," said WSI Vice President Jeff Shorter. "We see that pattern in December."

Although significant periods of

below-normal temperatures are not anticipated, Shorter said WSI is projecting a number of cold weather outbreaks across the northern half of the country that would include two to three days of "brutally cold" temperatures interspersed with periods of normal patterns.

In its three-month outlook, the Billerica, Mass., weather forecasting firm said temperatures in the Pacific Northwest are expected to climb about 2 to 3 degrees above normal through December and above-normal temperatures are likely to stretch into the Rockies, the Northeast and northern Plains states. But states along the Gulf Coast, in the Southeast,

and southern Plains are likely to experience cooler-than-normal temperatures in December and through January.

The Mid-Atlantic region also is expected to have below-normal temperatures in January but the Pacific Coast, the northern Plains, and the northern Rockies will see warmer-than-normal temperatures during January, WSI said.

Warmer-than-normal temperatures in the northern half of the U.S. could push down heating demand and natural gas prices for the period, but the colder-than-normal temperatures in the Mid-Atlantic could drive up heating load in the PJM region, WSI said.

## Trans-Elect seeks to expand transmission system nationwide

**E**ncouraged by its participation in the \$300-million California Path 15 expansion project, Trans-Elect, the company founded to buy and maintain existing transmission systems, Wednesday said it now plans to develop, build and own new high-voltage transmission lines nationwide.

Trans-Elect, based in Reston, Va., has formed the New Transmission Development Co. and is exploring various potential transmission projects with the goal of announcing other projects next year, said Robert Mitchell, president and chief operating officer of the new subsidiary.

"We have concluded that the investor-owned utilities have had a 15- to 20-year period of under-investment in transmission," said Mitchell. "Many IOUs are financially incapable of making the kind of investment that is necessary to expand the transmission grid. Given that environment, that history, we have concluded that there are going to be nice opportunities for Trans-Elect to step in to this additional role of [building] new transmission."

Mitchell said the public-private partnership that developed to expand Path 15, a major north-south transmission line in

California, could provide "a blueprint" for getting regulatory certainty and financial backing for NTD's future projects. Trans-Elect joined a half dozen energy companies a year ago in a partnership with the Dept. of Energy to build an 84-mile, 500-kV line along Path 15 that would ease one of grid's most notorious bottlenecks. Construction on the line, which has been approved by the California Independent System Operator and Federal Energy Regulatory Commission, will begin next summer and the project is expected to be completed in September 2004.

## FERC rejects FirstEnergy bid to put transmission into PJM

The Federal Energy Regulatory Commission late Wednesday rejected FirstEnergy's application to commit a small portion of its transmission system to the PJM Interconnection, claiming that such "piecemeal" development of regional transmission organization runs counter to its Order 2000.

FirstEnergy and its transmission subsidiary American Transmission Systems (ATSI) in May asked FERC to approve the transfer of operational control of a 4.3-mile section of its Sammis-Wyulie Ridge Line and associated substations at the W.H. Sammis Plant near the Pennsylvania border in Stratton, Ohio, to PJM (EC02-71).

To accommodate the assets, PJM filed

three executed agreements that would allow ATSI to become a member of the grid operator. Under the proposal, the Sammis system would operate within PJM West.

FirstEnergy is seeking to place most of its transmission assets under control of the Midwest Independent Transmission System Operator.

Numerous interveners opposed the transfer, arguing that it would give FirstEnergy's generating and transmission affiliates access to the "mature" PJM market while still allowing the utility to join MISO. That would be inconsistent with the commission's RTO policy that encourages the creation of grid operators

along natural markets, interveners said.

FERC agreed, saying that it "has consistently encouraged the formation of regional transmission organizations based on natural markets."

Moreover, FERC said the proposal raises cost concerns and could disrupt the many RTO developments already under way in the Midwest.

"In addition, the physical and operational integration and interconnection of specific ATSI transmission assets with PJM as a result of accepting the agreements would raise serious cost allocation, rate design, and discrimination issues, among other things, that would make such a transfer untenable."

## Fastow's alleged scheming at issue ... (from page 1)

attractive to Wall Street, analysts and investors. Fastow and others used the SPEs to manipulate Enron's bottomline and funnel money into their wallets, according to the indictment. The indictment further alleges that a major financial institution assisted Enron at least once in manipulating its financial statement.

A seven-month probe by the Senate Permanent Subcommittee on Investigations earlier this year concluded that JP Morgan Chase and Citigroup set up offshore shell entities to act as trading partners with Enron and transact more than \$8-billion in circular deals for which the banks got fees and the energy company

got a boost in its operations cash flow.

Thursday's indictment alleges that Fastow and others beginning in 1997 devised schemes to defraud Enron and its shareholders through transactions with SPEs dubbed LJM, Southampton, Chewco and RADR. Specifically, the indictment said that Fastow created RADR in May 1997 to buy part of Enron's interest in wind farms in California through "supposed third-party investors" but these investors were funded by Fastow who received \$10,000 kickbacks from RADR. Chewco was devised by Fastow and others to buy the limited partnership interest of the California Public Employees Retirement System in a venture called Joint

Energy Development Investments or JEDI, the indictment said. Fastow received "several hundred thousand dollars in kickbacks" from payments made by Enron to Chewco through transfers to Fastow's wife and other family members, the indictment alleges.

Acting on false information by Fastow and others, the Enron board of directors in June 1999 allowed Fastow to create and serve as the managing partner of LJM, according to the indictment. Transactions through LJM, which paid Fastow and others large management fees, allowed Enron to push poorly performing assets off the balance sheet and insert fraudulent earnings, indictment alleges.

### LONG-TERM FORWARD ASSESSMENTS (\$/MWH) traded 10/31

#### EAST FORWARD ASSESSMENTS

	Dec	Jan	Jan/Feb-03	Mar/Apr-03	May-03	Jun-03	Jul/Aug-03	Sep 2003	Q4-03	Cal-2003	Cal-2004	Cal-2005
NEW ENGLAND	49.20	52.00	52.00	39.75	39.50	41.40	50.35	35.80	35.60	42.10	40.00	40.00
MASS HUB	49.20	52.00	52.00	44.40	44.10	49.00	60.00	42.85	42.35	48.20	45.40	45.40
PJM WEST	35.50	37.45	37.45	33.50	37.00	43.10	44.20	36.05	32.50	38.70	38.10	38.10
N.Y. ZONE-G	51.05	53.25	53.25				65.50			50.15	49.00	
N.Y. ZONE-J	60.25	62.05	62.05				86.50			60.35	58.75	
N.Y. ZONE-A	42.00	43.00	43.00				54.00			41.00	40.15	
ONTARIO*	68.75	74.75	75.00				89.50			63.50	63.25	
TVA, INTO	27.50	30.15	30.10				40.15			29.95	30.85	

#### CENTRAL FORWARD ASSESSMENTS

	Dec	Jan	Jan/Feb-03	Mar/Apr-03	May-03	Jun-03	Jul/Aug-03	Sep 2003	Q4-03	Cal-2003	Cal-2004	Cal-2005
CINERGY, INTO	27.20	29.75	29.25	27.75	29.00	32.60	41.00	27.90	27.45	30.90	32.30	33.50
COMED, INTO	26.85	28.75	28.25	27.10	28.50	32.00	39.50	28.00	26.55	29.05	32.60	33.20
ENTERGY, INTO	31.00	31.80	31.80	30.10	30.15	33.10	37.00	27.85	29.25	31.45	31.50	32.30
ERCOT	35.50	35.25	35.25	34.25	35.20	36.30	40.85	34.60	32.40	35.05	34.60	34.20

#### WEST FORWARD ASSESSMENTS

	Dec	Jan	Q1-03	Q2-03	Q3-03	Q4-03	Cal-2003	Cal-2004	Cal-2005
MID-C	43.15	43.50	39.15	29.50	41.50	43.00	38.25	39.25	39.50
PALO VERDE	38.00	39.25	37.65	38.25	49.65	38.00	40.90	41.75	42.25
NP15	45.50	45.00	44.00	40.25	51.75	44.25	45.00	45.75	46.25
SP15	43.25	45.50	43.00	43.00	54.00	43.50	45.90	47.00	47.50

NOTE: ALL ASSESSMENTS ARE FOR STANDARD 16 HOUR ON-PEAK PRODUCTS. \*ONTARIO PRICES ARE IN CANADIAN DOLLARS



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